

SMALL BUSINESS LOAN FUND CORPORATION

MINUTES OF THE BOARD OF DIRECTORS

April 27, 2012

PUBLIC SESSION

A monthly meeting of the Board of Directors (the "Board") of the Small Business Loan Fund Corporation (the "Corporation") was held in public session at the offices of the Rhode Island Economic Development Corporation, 315 Iron Horse Way, Suite 101, Providence, Rhode Island on April 27, 2012, scheduled for 9:30 a.m., pursuant to notice of the meeting to all Directors, and public notice of the meeting as required by the By-Laws of the Corporation and by Rhode Island General Law 42-46-6.

The following Directors were present and participated throughout the meeting: Mr. Raymond Fogarty, Mr. William Parsons, Mr. Richard DeMerchant, Mr. Thomas Stocker and Ms. Leslie Taito.

The following Director(s) were absent: None

Also present were: Sean Esten, Corporation Administrator, Adam Quinlan, Corporation Staff, Dan Price, Corporation Staff, Stacy Farrell, Corporation Secretary, Susan Morgan, Corporation Administrator, Earl F. Queenan, Managing Director of Financial Services, Armeather Gibbs, Managing Director of Urban Finance and Business Development, Christopher Cannata, Corporation Staff, Denise Barge, Corporation Staff and Tom Moses, Esq., Legal Counsel, Moses & Afonso, Ltd.

Mr. Fogarty presided over the meeting.

1. **Call to Order.**

Mr. Fogarty called the meeting to order at 9:35 a.m.

2. **Approval of the Minutes of the Meeting held on March 21, 2012**

The first item to come before the Board was approval of the Public Session Minutes of the special Board meeting held on March 21, 2012. Upon motion duly made by Mr. Parsons and seconded by Ms. Taito, the motion to approve the Public Session Minutes and the Executive Session Minutes of the above noted meeting as presented was duly adopted.

The following Directors voted in favor of the foregoing: Mr. Parsons, Mr. DeMerchant, Mr. Stocker and Ms. Taito.

The following Directors voted against the foregoing: None

The following Directors were absent for the vote: None

3. Approval of the Minutes of the Meeting held on March 22, 2012

The second item to come before the Board was approval of the Public Session Minutes and the Executive Session Minutes of the Board meetings held on March 22, 2012. Upon motion duly made by Ms. Taito and seconded by Mr. Parsons, the motion to approve the Public Session Minutes and the Executive Session Minutes of the above noted meeting as presented was duly adopted.

The following Directors voted in favor of the foregoing: Mr. Parsons, Mr. DeMerchant, Mr. Stocker and Ms. Taito.

The following Directors voted against the foregoing: None
The following Directors were absent for the vote: None

4. Maintain the Executive Minutes of the March 22, 2012 meeting as Confidential

The next item to come before the Board was a vote to maintain the confidentiality of the Executive Session Minutes of the Board meeting held on March 22, 2012. Upon motion duly made by Mr. Parsons and seconded by Ms. Taito, the motion to maintain the confidentiality of the Executive Session Minutes of the above noted meeting as presented was duly adopted.

The following Directors voted in favor of the foregoing: Mr. Parsons, Mr. DeMerchant, Mr. Stocker and Ms. Taito.

The following Directors voted against the foregoing: None
The following Directors were absent for the vote: None

5. Report of Cash Position as of March 31, 2012.

Mr. Queenan asked if there were any questions or comments regarding the Cash Report for the period ended March 31, 2012 (Exhibit A). There being none, there was no further discussion on this report.

6. Delinquency Loan Report as of April 12, 2012.

Mr. Queenan asked if there were any questions regarding the Loan Delinquency report dated April 12, 2012 (Exhibit B). He noted that SBLFC was working with legal counsel to possibly accept an offer from Red Farm Studios upon the sale of one of the guarantor's homes. It was also noted that Nationwide Diesel continues to be delinquent since the date of this report. The default rate was put into effect for this loan. There was no discussion regarding these items.

7. Affirmation of new loan management system

Mr. Esten reviewed his Memorandum to the Board dated April 10, 2012 (Exhibit C) regarding the new loan management system which was in the process of being implemented. He explained that the software would aid staff in the areas of underwriting and portfolio management. There was some discussion as to which programs would benefit from the software and allocation of funds to support it.

8. Status discussion of Directors and Officers (D&O) Insurance

Ms. Morgan noted that the current D&O policy is a single policy through the RIEDC with \$10 million of coverage over numerous Boards, one of which is SBLFC. She asked if the Board would like her to look into additional coverage overall, or if the Board would like its own coverage. After some discussion it was decided that both options should be explored and reviewed for cost. There was also a question regarding the liability of individual Board members. Mr. Moses indicated that individual officers could have legal action taken against them. When asked if the By-Laws allowed for the reimbursement of legal fees incurred in such an instance, Mr. Moses stated he would look into the matter and report his findings at the next meeting.

9. Other Business

Mr. Fogarty asked if there was other business that should come before the Board. Mr. Esten noted that the final approval for consolidation of the grants which make up the SBLFC's revolving loan fund had been received as referenced in the letter from the United States Department of Commerce, Economic Development Administration (EDA) (Exhibit D). This authorized SBLFC to submit a single semi-annual report, rather than individual reports for each grant.

There was some discussion regarding the use of SBLFC funds to provide financing with smaller loan amounts for urban communities. It was suggested that funds be set aside for this initiative. Mr. Fogarty noted that the request was not an agenda item and therefore could not be voted upon at this meeting. He suggested that a written request be submitted outlining the amount of the set aside requested, the anticipated loan amounts, and the format that will be used to present the requests to the Board. The matter was tabled until the next meeting.

Executive Session

Mr. Fogarty suggested that the Board move into executive session. Upon motion duly made by Mr. Stocker and seconded by Mr. Parsons, the motion to move the meeting into executive session pursuant to Rhode Island Open Meetings Law 42-46-5(a)(6) of the General Laws of the State of Rhode Island, as amended, was duly adopted.

The following Directors voted in favor of the foregoing: Mr. Parsons, Ms. Taito, Mr. Stocker and Mr. DeMerchant.

The following Directors voted against the foregoing: None
The following Directors were absent for the vote: None

Public session concluded and executive session began at 10:40 a.m.

10. Executive Session Vote Ratification

Mr. Fogarty called for ratification of the votes adopted during Executive Session. Upon motion duly made by Mr. Parsons and seconded by Mr. Stocker, the following votes were ratified:

- (a) To approve the request from Oliver Hazard Perry Rhode Island, Inc. for a \$500,000 loan.

The following Directors voted in favor of the foregoing: Mr. Parsons, Mr. Fogarty, Mr. Stocker, Ms. Taito and Mr. DeMerchant.

The following Directors voted against the foregoing: None
The following Directors were absent for the vote: None

11. Adjournment

There being no further business to come before the Board, Mr. Fogarty called for a vote to adjourn the meeting. Upon motion duly made by Mr. Stocker and seconded by Mr. Parsons, the motion to adjourn the meeting was duly adopted.

The following Directors voted in favor of the foregoing: Mr. Parsons, Mr. Fogarty, Mr. Stocker, Ms. Taito and Mr. DeMerchant.

The following Directors voted against the foregoing: None
The following Directors were absent for the vote: None

The meeting was adjourned at 11:26 a.m.

Respectfully submitted,

/s/ Stacy Farrell
Stacy Farrell, Secretary